

MINUTES OF MEETING

RHODE ISLAND AIRPORT CORPORATION

FINANCE AND AUDIT COMMITTEE

WEDNESDAY, MAY 17, 2006

2:00 P.M.

**IN THE MARY BRENNAN BOARD ROOM, T. F. GREEN AIRPORT
WARWICK, RHODE ISLAND**

The meeting of the Rhode Island Airport Corporation (“Corporation”) Finance and Audit Committee was called to order by Chairman, Joseph Cianciolo, at 2:11 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Joseph Cianciolo, James Forte.

COMMITTEE MEMBER ABSENT: Joseph Larisa, Michael Traficante.

BOARD MEMBER PRESENT: Robert D. Sangster.

ALSO PRESENT: Mark P. Brewer, A.A.E., President and CEO; Brian C. Schattle, Senior Vice President of Finance and Administration and CFO; Marci Greenberger, A.A.E., Senior Vice President of Operations and Maintenance; Peter A. Frazier, Chief Legal Counsel; Doug Dansereau, Chief Auditor and Financial Analyst; Mel Einhorn, Chief Human Resources; Jason Doyle, Corporate Controller; and those

individuals listed on the attendance sheet attached hereto.

Mr. Cianciolo welcomed Mr. Sangster to the Committee Meeting.

1. Approval of the Minutes:

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the Minutes of the Finance and Audit Committee of May 4, 2006. The motion was passed unanimously.

2. Report from Chief Auditor:

Mr. Dansereau provided a summary of audits that have recently been completed or are currently in progress.

3. Report from Senior Vice President of Finance and Administration and CFO:

Mr. Schattle gave a brief overview of the Financial Statements for March 2006. There was discussion of revenues.

Mr. Schattle reported that four PFC amendments and one new PFC application are being developed and submitted to the FAA for approval. He was pleased to announce that the FAA had approved amendments one and two which will increase the PFC from \$3.00 to \$4.50 effective July 1, 2006. Draft versions of Amendments 3 and 4

and the new application have been developed and submitted to the FAA for review. Final versions of the remaining amendments and application are expected to be submitted to the FAA by June 30, 2006.

Mr. Schattle gave a brief update on recent visits to the bond rating agencies.

Mr. Schattle reported that staff is working on a development plan with Citizens for transition of the Corporation's bank accounts to Citizens from Bank of America.

Mr. Schattle gave an update on software implementation.

4. Action Items:

(a) Consideration of and Action Upon Customer Facility Charges for the Intermodal Facility.

Mr. Schattle reported that RIAC intends to finance a portion of the Intermodal Facility from Customer Facility Charges (CFCs) collected from rental car customers utilizing the airport and/or Intermodal Facility and RIAC is authorized to set the base rate of the CFCs. Mr. Schattle stated that the recommendation is that the Committee authorize the President and CEO, or his designee, to increase on a schedule and at increments determined to be in the best interest of

RIAC and the Intermodal Facility the base rate of CFCs up to \$4.50.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, by resolution dated May 4, 2006 (May 4th Resolution) the Board of Directors authorized the Rhode Island Airport Corporation (RIAC) to undertake the development, financing, construction and operation of the Intermodal Facility; and

WHEREAS, the May 4th Resolution further authorized RIAC to enter into various agreements (i.e., design, concession, management and financing agreements) of the Intermodal Facility; and

WHEREAS, RIAC intends to finance a portion of the Intermodal Facility from Customer Facility Charges (CFCs) collected from rental car customers utilizing the airport and/or Intermodal Facility; and

WHEREAS, current financial projections support increasing the base rate of the CFCs to meet forecasted costs of design, construction, financing and operation of the Intermodal Facility on the following schedule and increments: January 1, 2007 -- \$4.00; January 1, 2008 -- \$4.25; and January 1, 2009 -- \$4.50; and

WHEREAS, RIAC is authorized by, inter alia, R.I. Gen. Laws § 1-2-1.1 and RIAC's ground transportation regulations to set the base rate of

CFCs.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his designee, to: 1) increase on a schedule and at increments determined to be in the best interest of RIAC and the Intermodal Facility the base rate of CFCs up to \$4.50, and 2) take any and all other action necessary or appropriate, in his discretion, to effectuate this resolution, subject to Board approval.

The motion was passed unanimously.

(b) Consideration of and Action Upon Amendment of a Consultant Task Order for the Proposed Intermodal Facility.

Mr. Schattle reported that in December 2005 the Board approved the selection of Ricondo and Associates as Airport Consultants, and the Corporation entered into a Professional Services Agreement (PSA) with Ricondo to provide on-call consulting services. Under the terms of the PSA, Ricondo assists RIAC with strategic, analytical, and research projects, including the preparation of independent feasibility studies. In January 2006, a Consultant Task Order was approved in the amount of \$93,600 for the preparation of an Independent Feasibility Report but due to the complexity of this project and related

financings, the financing team has exceeded the amount authorized. Mr. Schattle stated that the recommendation is that the Committee authorize the President and CEO, or his designee, to amend the consultant task order with Ricondo to prepare an Independent Feasibility Report for the Intermodal Facility bond issue.

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the Board of Directors approved the selection of Ricondo and Associates, Inc. (Ricondo) as Airport Consultants at the December 2005 Board of Directors meeting; and

WHEREAS, the completion of an Independent Feasibility Report is contemplated under the terms of the Professional Service Agreement (PSA) with Ricondo; and

WHEREAS, it has been determined that there is a need to complete an Independent Feasibility Report for the proposed Intermodal Facility; and

WHEREAS, a Consultant Task Order in the amount of \$93,600 for the preparation of an Independent Feasibility Report with Ricondo was approved at the January 2006 Finance and Audit Committee and Board of Directors meetings; and

WHEREAS, due to the complexity of this project and related financings, the financing team has exceeded the anticipated amount of document review sessions and resulting updates necessary to finalize this report; and

WHEREAS, the additional work to complete the Independent Feasibility Report is estimated to be \$15,000, bringing the total Consultant Task Order to \$108,600; and

WHEREAS, the fees associated with the preparation of this report will be funded by Customer Facility Charges (CFCs) and included as a cost of issuance upon completion of the Intermodal Facility bond issue.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee authorizes the President and CEO, or his designee, to amend the Consultant Task Order with Ricondo and Associates to prepare an Independent Feasibility Report to \$108,600, subject to Board approval.

The motion was passed unanimously.

(c) Consideration of and Action Upon RIAC Policy and Procedure.

Mr. Brewer reported that the Alternative Fuel Policy is intended to offer essential information for departments as they work to comply with Federal and State requirements for Alternative Fuel Vehicles (AFV).

A motion was made by Mr. Forte and seconded by Mr. Cianciolo to approve the policy in substantially the form submitted to the Committee.

The motion was passed unanimously.

5. Future Meetings:

The next meeting of the Finance and Audit Committee will be Thursday, June 15, 2006 at 12 Noon, in the Briefing Center, at T. F. Green Airport, Warwick, Rhode Island.

6. Adjournment:

Mr. Forte moved to adjourn at approximately 2:35 p.m. Mr. Cianciolo seconded the motion. The motion was carried by acclamation.

Respectfully submitted,

Joseph Cianciolo, Chair
Finance and Audit Committee of
the Rhode Island Airport Corporation

ATTENDANCE SHEET
RHODE ISLAND AIRPORT CORPORATION
FINANCE AND AUDIT COMMITTEE MEETING
MAY 17, 2006

NAME	AFFILIATION
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Patti Goldstein	RIAC
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Robert Goff	New England Parking
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